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National Intelligence Estimate

China: Short-Term Implications of Deng Xiaoping's Death

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*This National Intelligence Estimate represents
the views of the Acting Director of Central
Intelligence with the advice and assistance of
the US Intelligence Community.*

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China: Short-Term Implications of Deng Xiaoping's Death

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February 1995

Key Judgments

China: Short-term Implications of Deng Xiaoping's Death

Deng Xiaoping's death will intensify political jockeying among senior leaders to assume his formidable power and influence, but none is likely in the next six months to fill Deng's unique role as elder statesman and principal power broker. [redacted]

We believe all key participants, including the military, will try to prevent succession maneuvering from jeopardizing domestic stability, policy continuity, and the preeminence of the party—interests shared by most, if not all, top-level leaders. [redacted]

Although Deng's designated heir, party General Secretary Jiang Zemin, has a modest edge over political rivals in the near term, the unresolved leadership picture means decisionmaking will be collective and—without Deng's strategic vision—cautious and defensive in the months following Deng's death. [redacted]

Under this scenario, we do not expect significant changes in China's fundamental political and economic policies. However, Beijing's increasing assertiveness in its relations with the United States will probably continue to sharpen differences over human rights, proliferation, and trade issues. [redacted]

The potential volatility of Chinese society and politics tempers our judgments on short-term probabilities. The leadership's efforts to effect a smooth transition could be frustrated by spontaneous outbreaks of local unrest over social and economic conditions—for example, rice or tax riots that threaten to escalate—or a sudden deepening of political rifts in the leadership. [redacted]

The United States has few means to influence the succession process without risking widespread Chinese condemnation. Some US actions, such as imposing trade or proliferation-related sanctions, could intensify leadership infighting. Other US steps—such as an exchange of presidential visits—would provide a moderate boost to present leaders, and especially Jiang Zemin. [redacted]



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UPI ©

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Images of Decline. Photographs chronicle Deng's increasing physical frailty. His daughter, Deng Rong, finally admitted in mid-January 1995 that her father's health was in decline and his days numbered. Deng's last public appearance, on television in February 1994, showed him to be in obvious decline. Observers point to additional physical enfeeblement evident in the recently released photograph of a seated Deng allegedly watching a fireworks display on 1 October 1994, China's National Day; some observers interpret the photo as Beijing's way of alerting the Chinese populace that Deng's time is near.

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Discussion

The Void Deng Leaves

With "paramount leader" Deng Xiaoping probably in his final year, China is on the brink of a major political transition. The Deng succession will be less a competition for rank and title—Deng holds no formal position—than a complicated political chess game to determine who will emerge [] inheriting Deng's informal but formidable power and influence over the Communist Party, government and military institutions, and state policy. []

The succession is also a political transition from China's "second generation" of elderly leaders—those who followed Mao and his peers—to a "third generation," who as adults have known no other China but the People's Republic. Jiang Zemin—party chief, Central Military Commission Chairman, and state President—is officially designated by the Central Committee as the "core" of this next generation of leaders. []

A Broad Interest in Stability...

The current leadership roster—a compromise arrangement that emerged in the heat of Tiananmen in 1989—was assembled by Deng and his elderly compeers to ensure political stability and policy continuity. This uneasy tactical alliance—centered on Jiang, Premier Li Peng, and Vice Premier Zhu Rongji—recognizes the political imperative of cooperation and has been moderately effective in submerging personal differences in the interest of managing China. China's leaders have strong

Key Questions

- *What effect will Deng's death have on Chinese policies?*
- *Will the question of a political "successor" to Deng be resolved in the following six months?*
- *How will Deng's death affect the US relationship with China?* []

Working Assumptions

- *Post-Cultural Revolution political rules—consensus-building policymaking, no bloody purges or appeals to groups outside the party—will prevail.*
- *China's neighbors, and East Asia in general, will remain politically stable and nonthreatening.*
- *No outside power will attempt to steer China's succession.*
- *China will suffer no major economic shocks.* []

incentives to maintain the outward appearance of unity and to facilitate a smooth transition. A divisive competition for power would:

- Jeopardize continued economic growth, which requires a strong, stable center and broad popular participation.

- Dissipate the party's scant remaining legitimacy and possibly encourage popular opposition in a repetition of the Tiananmen formula—a publicly divided leadership interacting with unruly crowds.
- Undermine China's growing international stature—diligently and successfully nurtured by Beijing after 1989—and scare off foreign investors. [redacted]

Senior leaders of the People's Liberation Army (PLA) share this interest in—and are essential to—preserving stability following Deng's death. Above all, they hope to avoid a repeat of Tiananmen, in which main force units were called upon to suppress civil unrest. Moreover, the military high command has in general bought into economic reform; for example, the Army receives substantial budgetary infusions drawn from the profits of commercial military enterprises. We expect Army leaders to continue their broad [redacted] support of the Jiang leadership, even as their disinclination to get involved in political maneuvering is tested by their desire to strengthen the PLA's institutional position in the new era. [redacted]

...But Political Jostling Is Already Under Way

The premium we expect Chinese leaders to place on preserving domestic stability does not, however, augur a moratorium on political maneuvering, as each leader recalculates his relative power and his prospects for advancement or survival under a new regime. Low-key competition for advantage is a perpetual preoccupation among the top leaders, who seek to enlarge their respective degrees of control over personnel slots, policy portfolios, economic resources, and influence within security and military forces. [redacted]

By these criteria, the present group is relatively well balanced. Deng's departure, however, will remove an important balancing mechanism; indeed, among Deng's accomplishments were the moderation of extreme positions and success in settling disputes among fractious political leaders and groups. [redacted]

[redacted] top leaders are maneuvering to consolidate their positions as Deng's health steadily declines. Indeed such maneuvering has probably taken place out of Deng's ken; by mid-1994, Deng's health had forced his disengagement from policy deliberations, and he maintains formal contact with top leaders through family members and trusted aides. Political machinations are likely to continue as particular contenders try to strengthen their claims: Jiang to solidify his shaky "mandate"; Li Peng to resist calls for reappraisal of the Tiananmen incident; and other senior leaders to avoid being slighted or eased aside.

Personnel Moves? The leadership's shared concern for stability also does not rule out the dismissal—or marginalization—of one or more high-level officials. Some leaders are [redacted] at particular risk—for example, Zhu Rongji for having alienated too many influential leaders on too many issues, and Li Peng for his role in Tiananmen. The six months after Deng's death may well be characterized by fluid personnel

What Deng's Death Sets in Motion

In the immediate aftermath of Deng's death, we expect China's top leaders to focus on preserving public order. The public security apparatus has almost certainly worked out crowd-control contingencies to the last detail in seeking to prevent a repeat of 1989, when large crowds packed Tiananmen Square to mourn former party chief Hu Yaobang.

arrangements for enhanced security will go into effect immediately upon word of Deng's demise. Indeed, the first indications of this event may well be a heightened PLA alert status and bolstered People's Armed Police deployments in and around Tiananmen Square, Beijing University, and other open places.

A variety of [redacted] media sources also indicate China's central propaganda apparatus will mount a carefully controlled media campaign to project leadership unity and a clearly defined policy direction in accord with Deng's ideas. Reports [redacted] indicate Beijing's media blitz will be accompanied by new efforts to repress dissenting points of view; party and state propaganda officials have already tightened scrutiny in light of Deng's expected death.

Deng's memorial arrangements presumably have been drawn up to comply with a 1991 ban on mass public funerals for top leaders, conceived in response to the events of 1989. In that case, the ceremony will probably be

small, by invitation only, and held under tight security. Foreign leaders are unlikely to be invited, although Beijing-based diplomats and some "friends of China" such as King Sihanouk may be included. In a recent example of funeral protocol, the memorial ceremony for former Standing Committee member Yao Yilin was held in the hospital where he died, with the entire Politburo Standing Committee present.

We presume Deng's funeral committee has already been determined and will be headed by Jiang Zemin. Every ruling group member will probably attend the memorial meeting or provide a public explanation for absences. Deng's official eulogist—probably Jiang—will read from a carefully crafted script that is likely to include phrases anointing Jiang as an authoritative interpreter of Deng's wishes and inheritor of his political legacy.

Striking the proper balance in the level of sanctioned public mourning will almost certainly be a delicate problem for Jiang and his colleagues. In particular, the leadership will probably try to minimize the public involvement without seeming disrespectful. Public displays carry the risk of either an effusive reaction that implicitly denigrates Deng's successors or an eruption of public outrage against inflation, corruption, and repression, such as accompanied Hu's death.

arrangements as Jiang seeks to shore up his authority by promoting supporters and trading off positions to rivals. [redacted]

Jiang's Leg Up. Although no Chinese leader is likely to consolidate sufficient power over the next six months to assume Deng's political dominance, we believe Jiang Zemin has a modest edge. As party chief, Jiang enjoys substantial influence over personnel decisions and resource allocation. He has used his position to make advantageous personnel moves, court military support with promotions and bigger budgets, and play the statesman by assuming a high domestic and international profile.

- Potential challengers have, in our view, greater liabilities and fewer advantages; Li Peng has Tiananmen, and Zhu Rongji is a potential scapegoat for economic problems.
- [redacted]

Jiang nevertheless has his own vulnerabilities. From the time of his selection in 1989 as a compromise choice to head the party, Jiang has been criticized as a lightweight placeholder lacking both vision and broad institutional political backing.

[redacted]
The absence of unqualified support for Jiang strengthens the possibility of his heading an interim collective leadership, pending consolidation of power by a single individual. [redacted]

The Elders Want In. The remaining members of Deng's political generation, by their unwillingness to go softly into retirement, may complicate efforts to effect a smooth transition. Traditionally, they exercised political influence

and enjoyed the perquisites of power through strong personal "pull" with Deng, alliances with each other, and support networks throughout the Chinese apparatus. More recently, through public appearances, some elders—in particular, former President Yang Shangkun—are trying to insert themselves more prominently into the political calculus as news about Deng grows grimmer. [redacted]

In contrast to 1987 or 1989, when they were decisive in ousting two party general secretaries following outbreaks of public disorder, the elders will wield considerably less power after Deng's death.

- Their numbers have shrunk considerably—several prominent revolutionary generation leaders have died since the 1992 party congress.
- With the exception of Yang, most are physically infirm, mentally diminished, and generally unfit for the political fray.
- They no longer have Deng to act in their collective interest or to legitimize their continued presence in the arena. [redacted]

Although Jiang and his peers would almost certainly prefer to avoid the reemergence of the veteran revolutionaries on more than a sharply restricted basis, contenders for power may feel compelled to broaden their bases of support and legitimacy with appeals to well-connected older leaders. As a result, we cannot rule out what in effect would be a short-term perpetuation of the "Deng Xiaoping system"—that is, the temporary emergence of yet another elder

China: Communist Party Politburo Standing CommitteeMember's predominant
bureaucratic background:

	Party portfolio	Government positions	Military positions
Jiang Zemin	General Secretary, oversees party affairs	President	Chairman of both party and state military commissions
Li Peng	Oversees State Council	Premier	
Qiao Shi	Security and legal affairs	National People's Congress Chairman	
Li Ruihuan	United front work	Chinese People's Political Consultative Conference Chairman	
Zhu Rongji	Economy	Executive Vice Premier	
Liu Huaqing	Military		Vice Chairman of both party and state military commissions
Hu Jintao	Personnel and organizational affairs		



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The “Deng System”

In China, the regime—whether Imperial, Kuomintang, or Communist—has lacked institutional mechanisms for resolving political disputes, thus providing no guarantee that whoever holds the top posts will in fact exercise final authority. In this tradition, Deng Xiaoping wielded power informally as China’s acknowledged “paramount leader” and the key remaining member of the revolutionary generation. “The Deng system”—rule by an elder while younger leaders preside over day-to-day party and government business—formally began in the early 1980s, when Deng-protégé Hu Yaobang supplanted Hua Guofeng as party chief. Deng remained third in the formal hierarchy.

Deng has seldom exercised dictatorial power but has usually functioned [redacted] in performing three critical functions. He has:

- Set broad policy directions.
- Acted as referee in disputes that could not be settled at lower levels.

- Wielded veto power over candidates for key official posts. [redacted]

Integral to the Deng system has been the participation of China’s party elders. In China’s personalistic polity, Deng and his octo- and nonagenarian colleagues—the last survivors of the Long March generation that founded the People’s Republic in 1949—were unmatched in prestige, individual connections, and authority by virtue of their revolution-era experiences. Deng and junior leaders maintained consultative relations with the elders, which in effect ensured the elders’ continued participation in the system.

At present, China’s informal politics continues to require that the party elite agree upon a final arbiter. The passing of Deng and his elderly colleagues, however, makes more probable a transition to position-based, rather than personal, rule. Deng’s eventual successor is thus likely to lead from the top party or state office rather than from behind the scenes.

as final arbiter. This could be compatible with general leadership continuity and, in particular, with Jiang’s continuation in his present roles.

Yang seems to be trying to orchestrate this scenario; his “investigations” and meetings across the country have received wide publicity. His

fall from favor in 1992 and the hostility he faces in certain military quarters, however, make Yang’s possible return to a major active leadership role a destabilizing prospect; moreover, any arrangement involving a prominent role for octo- or nonagenarians must necessarily be short-term.

Looming Issues

Regardless of how the succession proceeds, China's post-Deng leadership must begin to address a formidable range of interrelated economic and political issues that, if not quickly attended to, will threaten the country's longer term stability.

Clarifying the Role of the Party.

[redacted] regime survival generally depends on a combination of repression and an ability to provide economic goods. Moreover, senior Chinese leaders—in initiating recent efforts to renew local party institutions as instruments of leadership—are trying to show that they are addressing the party's loss of discipline.

Balancing Center-Local Relations.

Beijing's relations with the provinces are traditionally marked by tensions between control and autonomy. The national leadership is now focused on regaining control over China's most freewheeling and prosperous provinces, through closer central supervision of party activities, more vigorous tax collection, and tightened regulation of banking practices.

Redefining Civilian-Military Ties. Firm support from the military establishment remains indispensable to the political survival of the party and of individual leaders. Since Tiananmen, the Army has recognized it is the party's guarantor and will probably

seek greater recognition for its pivotal role, in the form of increased budgetary outlays, freedom to operate profit-making enterprises, and enhanced influence over foreign and national security policies.

Getting On With Economic Reforms. A wide variety of sources suggest that the economy will be an important arena of political infighting during the succession period. Restructuring state enterprises and the banking and finance systems, however, are intractably tangled in conflicting bureaucratic and political interests. If implemented, such reforms would increase unemployment and exacerbate social tensions. Some leaders may elect—as Deng has in the past—to propose or jettison policy simply to sharpen leadership differences or to leverage tactical political advantages.

Grappling With Corruption. After inflation, the Chinese are most concerned about the pervasive effects of crime and corruption, according to Chinese opinion surveys and a variety of anecdotal evidence. Although Beijing has pursued a series of highly publicized anticorruption drives, misconduct among senior officials and their families generally goes unchecked and unpunished. Unless Beijing visibly attempts to bring official corruption under control, efforts to restore the party's popular credibility are likely to founder.

Policy Departures Unlikely

Over the six months following Deng's death, we do not expect major changes in Chinese economic or foreign policies. As portrayed in a host of [redacted] media reports, China's leaders—while nervous about inflation and reform's social side effects, such as mounting unemployment, rural-urban income disparities, and official corruption—are nevertheless convinced that long-term political stability depends on continued economic growth and foreign investor confidence.

- Under Deng, the party leadership has set in place a multifaceted modernization effort that has greatly increased the stakeholders in reform at all levels.
- Beijing's vigorous development of economic ties to the rest of Asia and its carefully planned cultivation of global political influence demonstrate a confident and growing presence on the world stage from which the Chinese leadership, regardless of its eventual political composition, will be loath to retreat. [redacted]

Moreover, the growth of administrative professionalism and functional expertise in the State Council over the last 15 years has enabled China's Government to function routinely without the day-to-day involvement of senior leaders. Barring a massive outbreak of social unrest—a contingency we view as remote—the bureaucracy's relative distance and insulation from high politics will probably ensure continued efforts to implement current priority policies. [redacted]

Without Deng at the helm and the succession question still largely unresolved, however, decisionmaking will be slower and possibly more subject to deadlock. Nobody in the

leadership has demonstrated Deng's ability to broker internal disputes, steer negotiations, and shape a consensus around new policy initiatives. Senior leaders will be unwilling to take positions that expose them to criticism for compromising basic domestic and foreign interests. The commitment to policy stability will, on the one hand, produce bureaucratic inertia; on the other hand, stubborn inflexibility. [redacted]

Searching for a Soft Economic Landing. Beijing's continued efforts to cool the economy will probably guide policy in the immediate post-Deng period. Since mid-1993, economic policymakers have tried to put on the brakes through sporadic administrative measures such as credit rationing and price controls. In recent media comments, Chinese economists express confidence that the economy is headed for a soft landing in 1995. We are skeptical of this judgment, however, and expect a moderately harder landing in light of continued massive subsidies to the state industrial sector and the potential for further inflationary shocks. [redacted]

Beijing will probably also remain hesitant to undertake large, controversial, and potentially destabilizing reform initiatives on which the leadership has long procrastinated. [redacted]

[redacted] a combination of rampant inflation and local official malfeasance had made them fearful of civil unrest on the eve of the September Central Committee plenum. As a probable result, they discarded their economic agenda for that meeting and focused on political and social control issues.

- Stalled economic policies—such as further reforms of tax collection and the banking system—will remain mired in the uncertainties and insecurities of the succession political climate. [redacted]

Tightening Domestic Controls. Over the next six months, leaders in Beijing will almost certainly follow up enhanced post-Deng security measures with additional prophylactic steps to ensure that expressions of dissent remain unorganized. As custodian of party authority, Jiang is using a current “party building” drive as a means of strengthening Beijing’s ability to monitor social moods and economic performance. The party will probably resort to more intrusive guidance and scrutiny at all levels. For example, Hong Kong press reports indicate local-level party units are being encouraged to swear oaths of loyalty and service not only to the party in general but also specifically to the Jiang leadership.

A More Nationalistic Tone. Beijing will probably emphasize broad continuity with foreign policy lines laid down by Deng—reinforcing China’s aspirations to great power status and not simply to Third World leadership. This could produce a greater assertiveness in foreign policy—toward the United States in particular.

One of Beijing’s top foreign policy goals is a working relationship with Washington that acknowledges China’s growing international stature and moves past the tensions that have dominated relations since the Tiananmen crackdown. Nevertheless, a variety of reports over the past year point to a running dispute within the leadership over China’s approach to the United States—particularly on issues involving Taiwan—which some leaders characterize as too “soft” and too willing to negotiate away Chinese security interests.

In the succession context, we expect such concerns will sharpen the more assertive tone we have discerned in Beijing’s dialogue with

Washington after the Administration decoupled human rights from China’s most-favored-nation status renewal last year. In talks on GATT accession, intellectual property rights, human rights, and other areas of bilateral interest, the Chinese have increasingly fallen back on formulas emphasizing and defending China’s rights as a sovereign nation. Moreover, anecdotal evidence suggest that even Chinese groups generally sympathetic to Western human rights and market-access goals support the government when foreign tactics are perceived as “China bashing.”

Greater assertiveness in foreign relations is consistent with China’s current trade negotiating tactics, which

define trade as a means to further China’s political goals by “punishing enemies and rewarding friends.”

Behind China's Recent Harder US Policy Line

Beijing sharpened its rhetoric toward the United States in the controversies surrounding GATT accession negotiations, bilateral intellectual property rights talks, and the Administration's Taiwan policy review. China's recent decision to freeze the China-US nonproliferation dialogue and threats of broad retaliation for a US-backed resolution on China in the UN Human Rights Commission (UNHRC) underscore frustration with US pressure and possible sanctions.

- Chinese policymakers are emboldened by their self-described "victory" last May—when the United States decoupled China's most-favored-nation trade status from human rights—and ensuing perceptions of China's economic leverage.

Beijing is driven by what it perceives as Washington's betrayal of the basis for "constructive engagement." Chinese leaders view the MFN decision as a commitment by both sides to focus on mutual economic interests and relegate contentious issues like human rights to the side. For example, leaders—expecting economic interest and quiet bilateral dialogue to deflect US pressure—were shook by efforts to obtain a China resolution at the UNHRC.

- Implicitly, if not explicitly, Beijing is drawing new lines on issues—human rights, Taiwan—that it has long identified as "internal affairs" and matters of principle.

Chinese assertiveness is heightened by succession concerns. Senior leaders are unwilling to make concessions that expose them to

criticism for caving under Western pressure. Even were Deng at the helm, the leadership may have laid down the same strong markers. On issues like Taiwan and human rights, all leaders share "hardline" views. Deng's departure, however, means there will be no single leader capable, as Deng was, of defining the limits of China's assertiveness; without him, the Chinese run the risk of miscalculating their leverage and boxing themselves in with threats they feel compelled to honor.

Some in the Community maintain Chinese behavior is also driven by the leadership's reappraisal of US ties and its conclusion that Washington is determined to thwart China's modernization.

- Most agree, however, it is premature to conclude that Beijing has reevaluated its US relationship; in some areas—especially defense—we see little evidence that China wants to reduce or terminate bilateral contacts.

The Chinese remain sensitive to the economic and diplomatic costs of a serious deterioration in bilateral relations and appear unwilling to push differences over trade and human rights to the breaking point. Their responses, so far, suggest a desire to continue segregating the more contentious issues and follow the customary pattern of calculated, controlled retaliation.

A Peaceful Transition

The immediate post-Deng period is likely to be relatively tranquil, even as leaders maneuver for political advantage. Security arrangements—Involving both the People's Armed Police and the PLA—will prove sufficient to dissuade potential demonstrators from trying to exploit the situation and, after a moment of mourning, the state bureaucracy will return to its preoccupation with administering the economy and preparing for the 9th Five-Year Plan. The Army will remain in the barracks and be an overall force for stability. Transition politics will be driven by Jiang Zemin's efforts to consolidate his leadership and by other leaders' countervailing exertions to hem Jiang in or to gain influence over him.

Low Probability, High-Impact Scenarios

Our confidence in a relatively calm transition over the short term is tempered by the potential volatility of Chinese politics and society. We cannot rule out a number of contingencies in which the well-laid plans of Chinese authorities unravel in the face of spontaneous local outbreaks of disorder—for example, rice or tax riots or protests over local corruption—or leadership fragmentation, either of which would increase the probability of more remote scenarios.

The Reappraisal of Tiananmen.

rumors of alliances that will return to power former party chief Zhao Ziyang, who is still widely admired within the elite for his administrative flair in the 1980s reforms. A resurrection of Zhao is improbable, largely because it would require the party to reverse Deng's ruling on Tiananmen as a "counterrevolutionary

riot" that Zhao fueled by his mistakes. Such a reversal would discredit virtually all current leaders and many retired elders.

Eventually, some contender for power will probably seek to enhance his legitimacy and bolster his political support by appealing to the numerous Zhao protégés still within the system. Steps to reverse the Tiananmen decision would be a requirement for gaining support from Zhao's network. Under this scenario, Zhao would very likely be rehabilitated but not returned to a position of power. The reversal of the Tiananmen decision would require a political coalition strengthened by several current Politburo members, some support from powerful elders, and the assent of senior military leaders.

Such a scenario would have broad effects, including a purge of leaders closely associated with the Tiananmen crackdown or the Zhao dismissal—for example, Premier Li and several of his protégés. These steps would increase systemic pressure to speed up the pace of political reforms and market-oriented economic reforms.

The Army Steps In. The probability of direct military intervention is low. The Army might, however, intervene "to save the nation" in one of two situations: widespread disorder or prolonged leadership deadlock. Although Army leaders would, under such circumstances, be unlikely to impose a system of military rule, once involved, it is unclear whether they would return control to the existing leadership or would compel a top-level breakup in China's leadership organs. To effect such a breakup, military leaders would probably enlist a coterie of senior civilian allies and retired elders.

- An Army-led shakeup of China's leadership would probably have little effect on economic policies but might underscore the nationalistic element in foreign policy.

But If We Are Wrong

Early tipoffs that the succession is not going smoothly and that leadership politics are lurching toward confrontation would include:

- Key omissions or absences from Deng's funeral committee.
- A eulogist other than Jiang Zemin at Deng's memorial.
- An unusual role—positive or negative—accorded to party elders.
- Provocative language—with a clearly identifiable target—in Deng's eulogy, in postevent press commentary, or in quoted leadership comments.
- An irregular pattern of leadership appearances or the failure of a leader to make expected public or official appearances.

An open challenge to Jiang's authority or a more overt bid by Jiang to aggrandize his power at some later time would involve a contest for control over key functional portfolios and over top posts in one or more of China's three major institutions—the party, the government, and the military. At that point, we might see:

- In the *official media*, veiled critical references to, or unusually explicit praise of, senior leaders, their known supporters or appointees, or

their policy preferences; marked departures from formulistic language, shifting from an emphasis on unity toward criticism of unnamed leaders for "factionalism."

- In the *party bureaucracy*, evidence of personnel movement in key units such as the Organization Department (personnel), Propaganda Department (media), and the General Office (housekeeping affairs, party records, leadership security); changes in the leadership of the party Leading Groups that supervise government policies.
- In the *government apparatus*, unusual personnel shuffling; unanticipated major policy initiatives; sizable cutbacks in, or criticism of, current programs closely associated with specific leaders—for example, the Three Gorges Power Project or the 1993 Tax Plan; enhancements in the real authority of "rubberstamp" organizations like the National People's Congress or the Chinese People's Political Consultative Congress, both of which are headed by potential rivals of Jiang.
- In the *Army*, unanticipated personnel moves in the Central Military Commission or in the three General Departments (Staff, Logistics, and Political); statements by senior Army leaders that betray any succession-related sentiments other than whole hearted endorsement of Jiang Zemin; thinly disguised efforts by retired PLA figures to influence succession politics or policy.

Implications for the United States

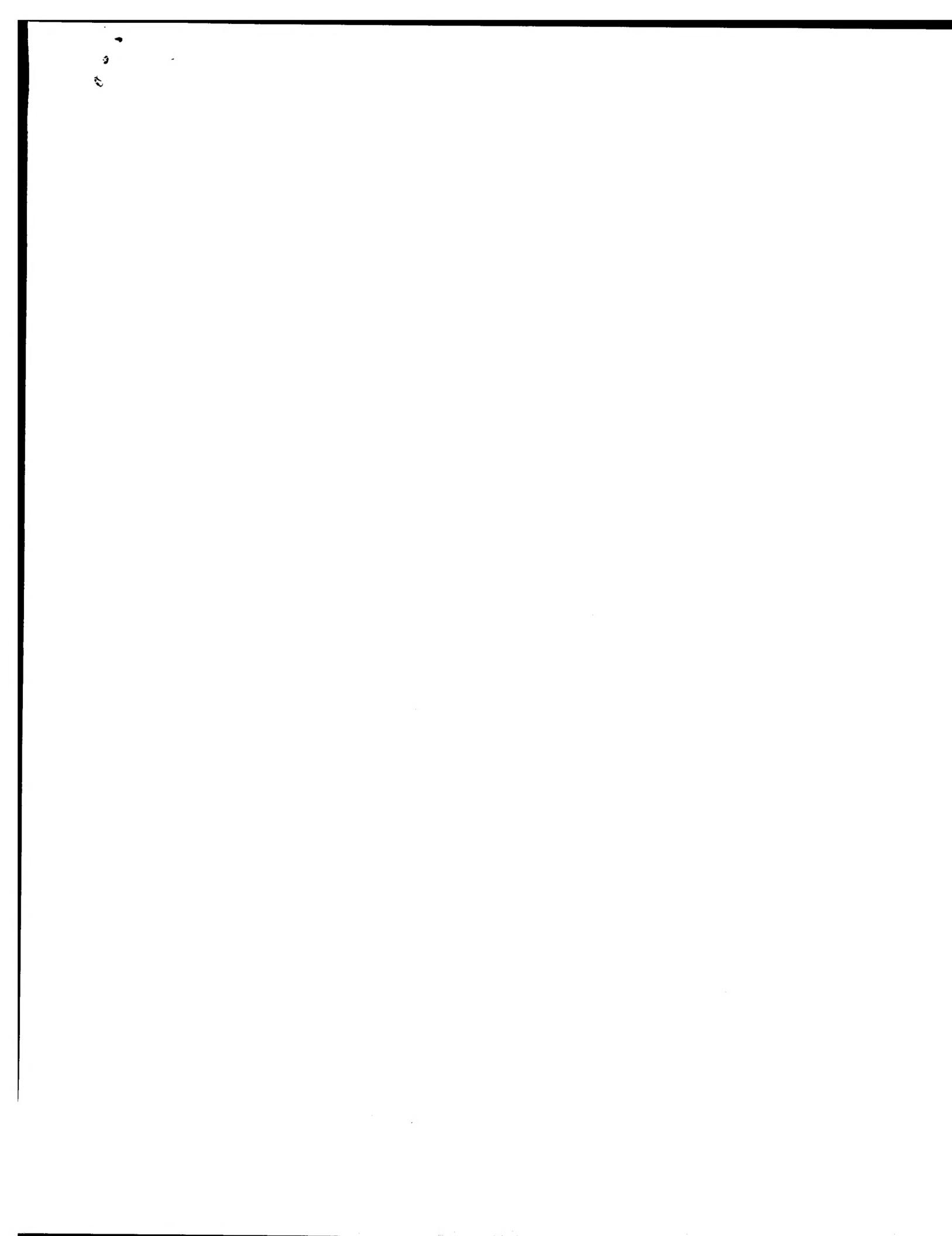
The United States can have little *direct* impact on the succession. Any action that might be perceived as interfering in China's domestic

affairs or favoring a contender would very likely provoke widespread Chinese condemnation. Under all short-term scenarios, China will affect US interests by:

- Continuing to emphasize its expanding foreign economic relations, thereby ensuring the importance of trade and foreign direct investment as central to US-China ties.
- Resisting major concessions—for example, on human rights, nonproliferation, or admission into GATT and the World Trade Organization—as fraught with short-term political risks for any Chinese leader who might be cast as weak in defending Chinese interests or sovereignty.
- Being particularly sensitive to perceived slights to sovereignty over either Taiwan or Hong Kong.

- Avoiding significant steps toward political liberalization or greater emphasis on human rights, whether because of the insecurities of leadership groups feeling their way toward new political relationships or simply out of continuity with Deng's policy of linking openness to political repression. [redacted]

US actions might *indirectly* affect the succession. For example, additional US trade or proliferation-related sanctions might intensify leadership infighting and fingerpointing in Beijing. On the other hand, US gestures to improve relations—for example, an exchange of presidential visits—might boost the political credentials of present leaders, and Jiang Zemin in particular. [redacted]



Annex

Significant Chinese Leaders

Politburo Standing Committee Members

Jiang Zemin, 68, is General Secretary of the Chinese Communist Party, President of China, and Chairman of both party and state military commissions. Jiang is Deng's public choice as the "core" of the new leadership.

In his public remarks he regularly emphasizes the need for party control and the primacy of the center.

Li Peng, 66, oversees the State Council as Premier. Li reportedly has long-standing ties to party elders, largely by virtue of his having been raised in the household of former premier Zhou Enlai. Li has been dubbed the

he is reflexively anti-Western and particularly sensitive to outside criticism of China's human rights record.

Qiao Shi, 70, is Chairman of the National People's Congress (NPC), China's rubberstamp legislature. Information on Qiao is fragmentary, and his policy views are largely unknown. Although he is working to increase the legislature's influence, his power derives primarily from his background in the security and legal apparatus.

Li Ruihuan, 60, is Chairman of the Chinese People's Political Consultative Conference, a "united front" organization of generally non-Communist members. Li has strongly supported Deng's economic reform program and open-door policy. He held the propaganda and ideology portfolios until 1992 and currently focuses on united front work.

Zhu Rongji, 66, is Vice Premier and People's Bank of China Governor. Zhu has been the point man for recent banking and tax reforms. He favors market solutions to microeconomic problems but continues to support a high degree of state intervention in the economy. A variety of reports indicate Zhu has broad support within the bureaucracy's reformist wing but weak party and military connections.

Liu Huaqing, 78, is Vice Chairman of both the party and state military commissions and a career military officer.

Liu has supported Deng's push for military modernization and professionalization. A strong backer of closer US-Chinese military ties before the Tiananmen crackdown, he wants to renew the relationship.

Hu Jintao, 52, oversees personnel and organizational affairs and is the ranking member of the Secretariat—the working body responsible for internal party matters. A staunch public proponent of Deng's reform agenda, Hu's background is largely in the party apparatus.

A Key Party Elder

Yang Shangkun, 87, is a former President of China and Vice Chairman of the Central Military Commission. A Long March veteran, he has been closely allied with Deng for decades. Yang and his half brother were removed from the military chain of command in 1992, ostensibly to satisfy senior commanders displeased by the Yangs' heavy politicization of the PLA. Yang—viewed by some Chinese observers as a key potential broker in the succession

Warning Notice

Intelligence Sources
or Methods Involved
(WNINTEL)

**National Security
Information**

Unauthorized Disclosure
Subject to Criminal Sanctions

**Information available as of 16 February 1995 was
used in the preparation of this National Intelligence
Estimate.**

**The following intelligence organizations participated
in the preparation of this Estimate:**

The Central Intelligence Agency
The Defense Intelligence Agency
The National Security Agency
The Bureau of Intelligence and Research,
Department of State
The Office of Intelligence Support,
Department of the Treasury

also participating:

The Deputy Chief of Staff for Intelligence,
Department of the Army
The Director of Naval Intelligence,
Department of the Navy
The Assistant Chief of Staff, Intelligence,
Department of the Air Force
The Director of Intelligence,
Headquarters, Marine Corps

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Dissemination Control Abbreviations		
	NOFORN (NF)	Not releasable to foreign nationals
	NOCONTRACT (NC)	Not releasable to contractors or contractor/consultants
	PROPIN (PR)	Caution—proprietary information involved
	ORCON (OC)	Dissemination and extraction of information controlled by originator
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WN		WNINTEL—Intelligence sources or methods involved

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